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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
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EXAMINER

NGUYEN, L

ART UNIT	PAPER NUMBER
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2766

DATE MAILED: 10/02/00

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

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Office Action Summary	Application No. 09/330,446	Applicant(s) FORD, ROBERT M.	
	Examiner Leslie K. Nguyen	Art Unit 2766	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136 (a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).

Status

- 1) ☐ Responsive to communication(s) filed on ____.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-15 is/are pending in the application.
- 4a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 1-15 is/are rejected.
- 7) ☒ Claim(s) 13 is/are objected to.
- 8) ☐ Claims ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 11 June 1999 is/are objected to by the Examiner.
- 11) ☐ The proposed drawing correction filed on ____ is: a) ☐ approved b) ☐ disapproved.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. § 119

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).
- a) ☐ All b) ☐ Some * c) ☐ None of the CERTIFIED copies of the priority documents have been:
1. ☐ received.
2. ☐ received in Application No. (Series Code / Serial Number) ____.
3. ☐ received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. & 119(e).

Attachment(s)

- | | |
|--|--|
| 15) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 18) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). ____ |
| 16) <input checked="" type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 19) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 17) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) ____ | 20) <input type="checkbox"/> Other: ____ |

Detailed Action

1. Claims 1-15 have been examined and are pending in the application.

Drawings

2. The drawings are objected to because "Purchase" is misspelled in Figures 1a and 1b. Correction is required.
3. Applicant is required to submit a proposed drawing correction in reply to this Office action. However, formal correction of the noted defect can be deferred until the application is allowed by the examiner.

Specification

4. The disclosure is objected to because of the following informalities: Applicant is reminded of the proper language and format for an abstract of the disclosure. The form and legal phraseology often used in patent claims, such as "means" and "said," should be avoided. Appropriate correction is required.

Claim Objections

5. Claim 13 is objected to because of the following informalities: Referring to "a customer" in line 12 of claim 13 when the appropriate referral should be "said customer". Appropriate correction is required.

Claim Rejections - 35 USC § 112

6. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

7. Claim 10 is rejected under 35 U.S.C. 112, second paragraph, as failing to set forth the subject matter which applicant(s) regard as their invention. Claim 10 recites the limitation "said financial instrument" in line 1 of claim 10. There is insufficient antecedent basis for this limitation in the claim.

Claim Rejections - 35 USC § 101

8. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

9. Claims 1-8 and 13-15 rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The Examiner infers from applicant's disclosure that the invention claimed could be done with a computer or without a computer. Claims 1-8 and 13-15, read on their broadest reasonable interpretation consistent with the supporting disclosure, provide that the invention is not computer implemented and is therefore is not in the technological arts. If this invention, as disclosed and claimed, is not in the technological arts, it is not within the scope of statutory subject matter defined in 35 U.S.C. 101. See MPEP 2106 at 2100-5,6.

Claim Rejections - 35 USC § 103

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10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claims 1-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over the admitted prior art of pages 2-4 of applicant's background.

As per claim 1, applicant admits that the step of determining prices for a commodity at various tiers is known in the art (page 3, lines 3-4). However, applicant does not admit the step of determining prices for financial instruments designed to indemnify against at least one risk associated with purchasing a commodity at a second tier. Also, applicant does not admit to offering to sell a second tier commodity at a price lower than the cost of purchasing a commodity at a first tier but equal to or higher than the cost of purchasing both a commodity at a second tier and a financial instrument used to indemnify risks associated with purchasing the commodity at a second tier. The Examiner takes Official Notice that customers are commonly offered the option to purchase contracts that indemnify against at least one risk associated with purchasing a product and the cost of the contract is added to a final purchase price (e.g. buying a television and being offered an extended warranty). Applicant admits motivation for customers to want to purchase a financial instrument to indemnify against risks associated with purchasing a commodity (page 3, lines 9-14). It would have been obvious for a seller to determine the price for a financial instrument designed to indemnify against at least one risk associated with purchasing the commodity at the second tier so as to offer the financial instrument to the customer at the time of sale. It would have been obvious to sell a second tier commodity at a

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price lower than the cost of purchasing a commodity at a first tier in order to entice a customer to buy the commodity at a second tier. It would have been obvious to sell a second tier commodity at a price equal to or higher than the cost of purchasing both a second tier commodity and a financial instrument in order to entice a customer to purchase both a second tier commodity and a financial instrument used to indemnify risks associated with purchasing a second tier commodity.

As per claim 2 with regard to claim 1, applicant does not admit the steps of receiving a request from a customer to purchase a commodity and then selling the commodity to the customer. The Examiner takes Official Notice that if a seller offers to sell a product to a customer, the seller also provides means to sell the product to the customer. It would have been obvious that if a commodity is offered for sale to a customer then steps of receiving a request from a customer to purchase the commodity and then selling the commodity to the customer must exist.

As per claim 3 with regard to claim 2, applicant does not disclose that the ownership of the financial instrument is not transferred to the customer. The Examiner asserts that it is well known and takes Official Notice that in the art of buying and selling commodities, brokerage firms are used to hold the rights of a contract for a customer. It would have been obvious not to transfer the ownership of the financial instrument to the customer in order to reduce the transaction burden on the customer.

As per claim 4 with regard to claim 2, applicant does not disclose that the ownership of the financial instrument is transferred to the customer. The Examiner asserts that it is well known and takes Official Notice that in the art of buying and selling commodities, brokerage

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firms are used to transfer the rights of a contract to a customer. It would have been obvious to transfer the ownership of the financial instrument to the customer in order to reduce the transaction burden on the brokerage firms.

As per claim 5 with regard to claim 1, applicant does not disclose that the financial instrument is an insurance policy. The Examiner asserts that it is well known to use an insurance policy as a financial instrument designed to indemnify against risks. Since most people have easy access to insurance companies, it would have been obvious to use an insurance policy as the financial instrument.

As per claim 6 with regard to claim 1, applicant does not admit that the financial instrument is a hedge contract. The Examiner asserts that it is well known to use a hedging contract as a financial instrument designed to indemnify against risks. Since most investors have easy access to brokerage firms, it would have been obvious to use a hedging contract as the financial instrument.

As per claim 7 with regard to claim 5, applicant admits that the tier-priced commodity is electrical power (page 3, lines 3-4).

As per claim 8 with regard to claim 5, applicant admits that the tier-priced commodity is electrical power (page 3, lines 3-4).

As per claim 9, the Examiner rejects claim 9 upon the same grounds as claims 1, 2, and 4 and takes Official Notice that methods of doing business may be performed using at least one computer connected to a network. It would have been obvious to perform the method as claimed by applicant on a computer connected to a network since doing so would increase the efficiency at which the method is performed.

As per claim 10 with regard to claim 9, applicant admits that loss associated with interruptions in the delivery of a commodity is a risk associated with purchasing the commodity and it is necessary to protect against such risk with a financial instrument (page 3, lines 9-14).

As per claim 11 with regard to claim 10, applicant does not admit that the price of the financial instrument is based upon one or more factors associated with the customer. The Examiner takes Official Notice insurance policies are written in order to provide a customer with protection based on the needs and desires of that customer. It would have been obvious that the price of the financial instrument is based upon one or more factors associated with the customer since the financial instrument is used to prevent the customer from losing his or her money.

As per claim 12, claim 12 is an apparatus claim for the methods described in claims 1-11 above and is therefore rejected upon the same grounds.

As per claim 13, applicant admits that the step of determining prices for a commodity at various tiers is known in the art (page 3, lines 3-4). Applicant further admits the step of determining prices for financial instruments designed to indemnify against at least one risk associated with purchasing a commodity at the second tier (page 3, lines 9-14). The Examiner asserts that it is well known and takes Official Notice that more than one source exists to sell a commodity to a customer. It would have been obvious to determine prices for commodities at various tiers from more than one source in order to provide the customer with competitive prices. The Examiner takes Official Notice that most customers prefer to spend the lowest amount possible when making a purchase in order to minimize costs. It would have been obvious that the commodity is offered for sale at the lowest possible price since most customers prefer to spend the lowest amount possible when making a purchase.

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12. As per claim 14, applicant admits that the step of determining prices for a commodity at various tiers is known in the art (page 3, lines 3-4). Applicant further admits the step of determining prices for financial instruments designed to indemnify against at least one risk associated with purchasing a commodity at the second tier (page 3, lines 9-14). The Examiner asserts that it is well known and takes Official Notice that more than one customer exists in the commodities market. It would have been obvious to determine prices for commodities at various tiers for more than one customer in order to provide the seller of the commodity with competitive sales. The Examiner takes Official Notice that most customers prefer to spend the lowest amount possible when making a purchase in order to minimize costs. It would have been obvious that the commodity is offered for sale at the lowest possible price since most customers prefer to spend the lowest amount possible when making a purchase.

As per claim 15, applicant admits that the step of determining prices for a commodity at various tiers is known in the art (page 3, lines 3-4). Applicant further admits the step of determining prices for financial instruments designed to indemnify against at least one risk associated with purchasing a commodity at the second tier (page 3, lines 9-14). It is inherent that if the price is determined, then the price will be displayed so that the bidder will know how much the commodity is being offered for. The Examiner asserts that it is well known and takes Official Notice that, in the arts of commodities trading and auctions, a seller receives bids from multiple bidders. It would have been obvious to receive bids since prices for the commodity and the financial instrument are being displayed to the customer. The Examiner asserts that it is well known and takes Official Notice that in the art of buying and selling commodities, brokerage firms are used to transfer the rights of a contract to a customer. It would have been obvious to

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transfer the ownership of the financial instrument to the customer in order to reduce the transaction burden on the brokerage firms. The Examiner takes Official Notice that most sellers prefer to sell at the highest possible amount in order to maximize profits. It would have been obvious that the commodity and the financial instrument will be sold to the highest bidder since most sellers prefer to sell at the highest possible amount.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

-Johnson et al. discloses an auction service that is provided to stimulate competition between energy suppliers.

-Richter et al. teach bidding strategies that minimize risk with options and futures contracts.

-Gill teaches the use of hedging contracts in the gas industry.

-McLean teaches the buying and selling of electricity on the open market.

-Liu teaches the application of the power pool system in Taiwan with respect to experiences in England and Wales.

-Shepherd discloses methods and apparatus relating to the formulation and trading of risk management contracts.

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to Leslie K. Nguyen whose telephone number is 703-306-5540.

The examiner can normally be reached on Monday-Friday, 9:00 AM - 5:30 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tariq R. Hafiz can be reached on 703-305-9643. The fax phone numbers for the organization where this application or proceeding is assigned are 703-308-9051 for regular communications and 703-308-9051 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-305-3900.

Leslie K. Nguyen
September 29, 2000



ROBERT A. WEINHARDT
PRIMARY EXAMINER